

Message Text

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ORIGIN SS-25

INFO OCT-01 ISO-00 /026 R

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P 140220Z MAR 75

FM SECSTATE WASHDC

TO AMEMBASSY CANBERRA PRIORITY

AMEMBASSY WELLINGTON PRIORITY

C O N F I D E N T I A L STATE 057282

EXDIS

E.O. 11652: GDS

TAGS: ETRD, EAGR

SUBJECT: 1975 MEAT IMPORT PROGRAM

1. IN SEPARATE MEETINGS MARCH 12 AND 13, DEPUTY ASSISTANT SECRETARY KATZ INFORMED AUSTRALIAN EMBASSY COMMERCIAL COUNSELOR FRAWLEY AND NEW ZEALAND EMBASSY COMMERCIAL OFFICER DOLAN THAT RECENT REACTION OF CATTLE INDUSTRY AND CONGRESSIONAL REPRESENTATIVES TO RUMORS OF A POSSIBLE MEAT IMPORT PROGRAM AT LEVEL OF 1200 MILLION POUNDS HAS BEEN IMMEDIATE AND STRONG. IF THE TRIGGER LEVEL (1181 MILLION POUNDS) WERE EXCEEDED THIS WOULD POSE SERIOUS PROBLEM. MOREOVER, TIME IS RUNNING OUT, SINCE SECRETARY OF AGRICULTURE'S SECOND QUARTERLY ESTIMATE OF 1975 IMPORTS DUE BEFORE APRIL 1.

2. KATZ SAID HE WAS THEREFORE PUTTING A FORMAL PROPOSAL TO AUSTRALIA AND NEW ZEALAND FOR AN OVERALL PROGRAM OF 1180 MILLION POUNDS ALLOCATED AS FOLLOWS IN MILLIONS OF POUNDS (ORIGINAL ALLOCATION PROPOSAL UNDER 1150 MILLION POUNDS)
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POUND PROGRAM IN PARENS): AUSTRALIA 615.1 (613.3);

NEW ZEALAND 252.8 (248.4; IRELAND 38.2 (34.0; GUATEMALA 33.4 (30.8), EL SALVADOR 11.1 (7.9); HONDURAS 34.8 (27.8); NICARAGUA 47.6 (46.1); COSTA RICA 52.2 (43.2); PANAMA 2.5 (3.0); MEXICO 58.4 (62.8); HAITI 1.8 (1.9); DOM. REPUBLIC 14.0 (12.5). AS BEFORE, TO THESE ALLOCATIONS MUST BE ADDED

ESTIMATED IMPORTS OF 17 MILLION POUNDS FOR CANADA, 1 MIL. POUNDS FOR THE UK AND 0.1 MIL. PDS FOR BELIZE, FOR TOTAL OF 1180.

3. THE ABOVE ALLOCATION WAS BASED ON A NEW FORMULA INCORPORATING CALENDAR YEAR 1974 IMPORT DATA WHICH BECAME AVAILABLE IN FEBRUARY. IT WOULD ESTABLISH COUNTRY SHARES ON THE BASIS OF THE HIGHEST ANNUAL LEVEL OF IMPORTS FROM EACH COUNTRY FOR EITHER OF THE CALENDAR YEARS 1973 AND 1974, WITH FINAL FIGURES ADJUSTED TO REFLECT 1180 MILLION POUND LEVEL. THUS, FOR AUSTRALIA AND NEW ZEALAND, US IMPORTS FOR CY 1973 WERE COMPARED WITH IMPORTS FROM OTHER COUNTRIES WHICH REPRESENTED THE BEST OF THE TWO YEARS (FOR EL SALVADOR, FOR EXAMPLE, 1974 WAS USED). BOTH AUSTRALIA AND NEW ZEALAND WOULD HAVE HIGHER COUNTRY SHARES IN TERMS OF BOTH TOTAL PROGRAM AND PARTICIPATING COUNTRIES THAN UNDER THE LAST (1972) PROGRAM:

-- PERCENT OF TOTAL : PERCENT OF PARTICIPAT-
PROGRAM : ING COUNTRIES ONLY

-- 1975 1972 : 1975 1972
AUSTRALIA 52.1 48.4 : 52.9 52.0
NEW ZEALAND 21.4 20.2 : 21.8 21.7

4. KATZ SAID THAT IN DECIDING ON THIS APPROACH, THE US HAD RECOGNIZED AUSTRALIA AND NEW ZEALAND'S STRONG OPPOSITION TO SPECIAL PREFERENTIAL ALLOCATIONS TO CENTRAL AMERICAN COUNTRIES MOST SEVERELY AFFECTED BY US RESTRICTIONS. THIS APPROACH AVOIDED THAT, ALTHOUGH ALLOCATION FORMULA OBVIOUSLY DESIGNED TO MEET SOME OF CENTRAL AMERICA'S PROBLEMS. THE US EXPECTED THAT RESTRAINT AGREEMENT TEXTS WOULD BE SIMILAR TO PREVIOUS ONES WITH PROVISION FOR SHORTFALL ALLOCATIONS AND PERIODIC REVIEW OF PROGRAM WITH POSSIBILITY OF CHANGES DUE TO UNFORESEEN MARKET
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DEVELOPMENTS.

5. KATZ EMPHASIZED THAT US PROPOSAL WAS ATTEMPT TO AVOID QUOTAS AT LEVEL OF 1076 MILLION POUNDS. THERE WOULD STILL BE STRONG CRITICISM OF LEVEL AT 1180, ONLY ONE MILLION POUNDS BELOW QUOTA TRIGGER LEVEL. TO TRY TO GO ABOVE TRIGGER WOULD BE POLITICALLY VERY RISKY AND COULD RESULT IN PRESSURE FOR NEW LEGISLATION ROLLING BACK

IMPORTS (SUCH A PROVISION WAS INITIALLY IN EMERGENCY FARM BILL RECENTLY PASSED BY HOUSE AGRICULTURE COMMITTEE BUT WAS DROPPED ON JURISDICTIONAL GROUNDS).

6. BOTH FRAWLEY AND DOLAN MADE NO IMMEDIATE RESPONSE BUT

SAID THEY WOULD REPORT IMMEDIATELY ANY REACTION FROM THEIR CAPITALS. IN CONVERSATIONS WITH KNOWLEDGEABLE AND RESPONSIBLE GOA AND GONZ OFFICIALS, EMBASSY SHOULD URGE MATTER RECEIVE PRIORITY AND CONFIDENTIAL CONSIDERATION. YOU SHOULD OTHERWISE HOLD THIS INFORMATION CLOSELY, AND URGE HOST GOVERNMENTS TO DO LIKEWISE, SINCE IT IS IMPORTANT THAT US PROPOSAL NOT BE JEOPARDIZED BY PREMATURE PUBLIC DISCLOSURE. INGERSOLL

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Message Attributes

Automatic Decaptioning: Z
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: IMPORTS, DATA, MEATS, PROGRAMS (PROJECTS)
Control Number: n/a
Copy: SINGLE
Draft Date: 14 MAR 1975
Decaption Date: 28 MAY 2004
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: MartinML
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975STATE057282
Document Source: CORE
Document Unique ID: 00
Drafter: ORF:OFP:FPD:RSSIMPSON:ML
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D750089-0095
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750349/aaaabrtd.tel
Line Count: 129
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN SS
Original Classification: CONFIDENTIAL
Original Handling Restrictions: EXDIS
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: EXDIS
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: MartinML
Review Comment: n/a
Review Content Flags:
Review Date: 03 JUL 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <03 JUL 2003 by ShawDG>; APPROVED <12 NOV 2003 by MartinML>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: 1975 MEAT IMPORT PROGRAM
TAGS: ETRD, EAGR, AS
To: CANBERRA WELLINGTON
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006